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FROM : Amembassy ACCRA

293 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

December 19, 1961 DATE

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| | ACTION | INFO | DEPT | RM/R | REP | AF | ARA | EUR | E | NEA | CU | INR | E | P | IO | ICA |
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| | REC'D 12-28 | | | AIR | ARMY 3 | CIA 11 | NAVY 3 | OSD 5 | | OCB | USIA 5 | NSA 3 | | | | |

SUBJECT: Transmittal of Aide Memoire of December 17, 1961.

For the information and records of the White House and the Department, the Embassy forwards a verbatim copy of the text of the Aide Memoire of conversation on December 16 between President Nkrumah and Mr. Clarence B. Randall and the Ambassador. The original of this Aide Memoire was delivered to the President's office on December 18.

For the Ambassador:

James Frederick Green
Counselor of Embassy

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY DS DATE 14 MAY 1982
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| ACTION ASSIGNED TO. | AF | ACTION TAKEN | no reply | |
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| NAME OF OFFICER & OFFICE SYMBOL | AFW - Padberg | DATE OF ACTION | 1-10-62 | DIRECTIONS TO RM/R file |

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Desp. No. 293
From Amembassy ACCRA

AIDE-MEMOIRE

Mr. Clarence Randall and Ambassador Russell called upon President Nkrumah at Flagstaff House on December 16, 1961.

Mr. Randall delivered to President Nkrumah a letter from President Kennedy informing President Nkrumah that, despite serious misgivings of the American people and Government regarding certain political and economic policies of the Government of Ghana, the United States Government is prepared, on the basis of President Nkrumah's assurances that Ghana's policy is truly one of non-alignment, to proceed with the Volta River project.

Mr. Randall said that although there were a number of points he wanted to make, he wished it to be perfectly clear that the decision to proceed is unconditional. He said that if President Nkrumah would instruct Ambassador Halm in Washington to get in touch with the State Department, the Department and other agencies of the American Government are prepared to proceed as rapidly as possible with the final preparation of documents, which could then be immediately signed in Washington.

President Nkrumah expressed his gratification at the message. He said that the project would mean a great deal to the people of Ghana and he especially welcomed it as a most important act of cooperation between Ghana and the United States.

Mr. Randall said he had been instructed by President Kennedy to state frankly that the decision to proceed with the Volta Project had been a difficult one. The decision will present to the Administration domestic political rights by the Ghanaian Government. Mr. Randall expressed the hope that the Government of Ghana would give assurances that the people of Ghana would have the greatest degree of political liberty consistent with the security of the country. Moreover, Mr. Randall said, the extent to which Ghana's policies in the international field appears in the United States to coincide with the Soviet Bloc positions and objectives has caused considerable concern.

Mr. Randall reminded President Nkrumah thatin a democratic society such as exists in the United States, aid to underdeveloped countries depends on a yearly appropriation by the Congress and can continue only so long as the program has the wholehearted support of the American people. It is a matter of worldwide interest, therefore, in administering the foreign aid program for the Administration to maintain the continued confidence of the people and take no action which would jeopardize their support. While the United States does not wish to interfere internally in Ghana or any other country, it is reasonable to expect that the recipient countries share the same basic ideals of freedom and justice as we. Mr. Randall stressed the hope of President Kennedy that President Nkrumah will be able to take concrete steps to demonstrate his own and his Government's regard for these basic values.

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Mr. Randall said it would be especially helpful if President Nkrumah could give assurances that there will be freedom for foreign newsmen to come to Ghana to report events there. Mr. Randall said he was informed that some American newsmen have been refused Ghanaian visas. President Nkrumah said that if visas had been denied to American newsmen it was without his knowledge and that he would look into the matter and assure that such visas were granted.

Mr. Randall said there is another point on which the American people and the American Government would very much like to have reassurance. There have been reports of interference by African nations, including Ghana, in the internal affairs of other free and independent countries of Africa and efforts at subversion by the supply of funds or arms and by other measures It would be of obvious assistance to the United States Government, in making a contribution of the size involved in this Ghanaian project, if the Government of Ghana could make a statement that, for its part, it will not engage in such activities.

Mr. Randall said that another element of concern was that Ghana's mounting expenditures and dwindling foreign reserves would affect its ability to meet its financial commitments involved in the Volta project. Mr. Randall said that it would afford considerable reassurance if the Government of Ghana would move quickly to set up the consultative relationship with the IBRD provided in the loan agreement and would request the designation of an IBRD representative who would be resident in Ghana during the period of the loan. President Nkrumah said he agreed it would be desirable to carry out these steps immediately.

Mr. Randall said that fear had been expressed that once the smelter is completed it might become a target for nationalization. Again the United States has no wish to interfere in internal political and economic arrangements. Nevertheless, the Volta project involves a large American private investment, guaranteed against expropriation by the American Government. In view of the substantial amount this assistance involves, it would be helpful if President Nkrumah would renew assurances that Ghanaian economic policies preclude any expropriation of the enterprise at any later date.

Mr. Randall said that it should be clear that the formal contract, which is to be signed, is a two-way obligation. It binds the Government of Ghana in important respects. As President Nkrumah is aware, the total amount of the loans is not to be made available to Ghana immediately but will be paid out over a number of years as construction progresses. A breach of the covenants which Ghana undertakes in signing the contract could result in suspension or termination of payments under the loan.

Mr. Randall said the law of the United States, which governed the President in approving this project, specifically requires that economic assistance be given by the United States only to nations which are free and nations which are friendly. Those two conditions must at all times be


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fulfilled. In particular, there is a provision in the contracts providing for termination of the loan by the Development Loan Fund in case of an extraordinary situation which the DLF determines makes it improbable that Ghana will be able to perform its obligations under the loan agreement, or that the loan would fulfill the purposes of the legislation governing the DLF. The Development Loan Fund Act is designed to assist "the progress of free peoples in their efforts to further their economic developemant, and thus to strengthen their freedom". This Act attempts to strengthen friendly foreign countries and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions. Furthermore, the Act states that "the Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social consensus of their people.".

Finally, Mr. Randall said that President Kennedy was anxious to keep in the closest touch with President Nkrumah concerning international developments and President Nkrumah's thinking about them and hoped it would be possible for the President to consult frequently on a free and frank basis with the American Ambassador on such matters, as well as on matters arising specifically on the Volta project. President Nkrumah said that he, too, believed a continuous and frank exchange of views was of the first importance and he would welcome such meetings.

When Mr. Randall asked what the President's wishes were with regard to a communique following the meeting, President Nkrumah said he would like to make an address to the Ghanaian nation over the radio later in the week, and he would include assurances that he hoped would meet the misgivings and concerns which Mr. Randall had mentioned. Mr. Randall said that he knew President Kennedy would deeply appreciate that.

Embassy of the United States of America,

Accra, December 17, 1961.



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